



OIG

OFFICE OF INSPECTOR GENERAL

EPA-350-R-02-001

March 2002

# Annual Performance Report

## Fiscal Year 2001

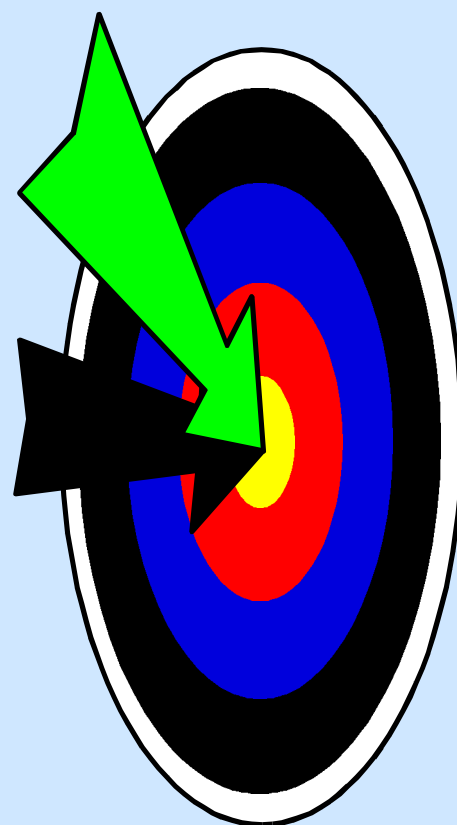
### OIG GOALS Through 2005

*Contribute to improved environmental quality and human health*

*Improve EPA's management and program operations*

*Produce timely, quality and cost effective products and services that meet customer needs*

*Enhance diversity, innovation, teamwork and competencies*



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## **FOREWORD**

I am pleased to present the EPA-OIG's first Annual Performance Report. This Report, in summary format, presents progress toward the attainment of our FY 2001 Performance Targets and Strategic Goals through FY 2005 as described in our Strategic Plan.

Since our Strategic Plan was designed "Starting with the End in Mind," this report provides summary performance information beginning with outcomes and outputs from our business line products and services related to Goal 1 (Contribute to improved environmental quality and human health), and Goal 2 (Improve EPA's management and program operations). The Report then provides performance results and progress supporting internal operations for Goal 3 (Produce timely, quality and cost effective products and services that meet customer needs), and Goal 4 (Enhance diversity, innovation, teamwork and competencies). The Report also includes analyses of financial and staff resource usage, and concludes with a list of the Management Challenges within the OIG to be addressed during FY 2002 and a revision of FY 2002 Annual Goal Targets, based on the OIG's progress and lessons learned from FY 2001.

The net result of this report is to present a "Score Board" of performance, progress, results, activities, and investments that tell a complete story of OIG performance and accountability. While this is the OIG's first Annual Performance Report based on our Strategic Plan, we are continuing to research new and better ways to measure, collect, and report data on the results of our operations. The information in this report will be used to direct and motivate the future application of resources for even greater results.

Nikki L. Tinsley

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## OIG Products and Services - *The Work We Do*

<b><i>Financial/ Systems Audits</i></b> Systems Financial Statement Contract Assistance Agreements Computer Security Fact Finding	<b><i>Program Audits and Evaluations</i></b> Process Outcome Impact Cost-Benefit	<b><i>Advisory/Analysis</i></b> Legislation & Regulation Review GPRA Implementation Control Assessment Fraud Prevention	<b><i>Investigations</i></b> Program Integrity Contract & Procurement Employee Integrity Assistance Agreements Hotline Computer Forensics
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## Introduction

This report provides a statistical summary of key OIG performance results and measures against FY 2001 Annual Performance Targets and progress toward OIG Strategic Goals. In compliance with the Government Performance and Results Act (GPRA), it describes examples of specific outputs and outcomes, provides financial statements, Management Challenges, progress on previous Management Challenges, and revised annual performance targets for FY 2002. It also provides additional operational performance measures and indicators about OIG product timeliness, customer survey results, and completeness and quality of data entry into OIG Management Information Systems. We hope that this information will be used to inform and inspire improved operations.

## **NOTES TO THE READER**

This is the EPA OIG's first comprehensive Annual Performance Report. It brings together data from many sources using measures and systems that are new to the OIG. This "logic model" approach of aligning output and outcome measures within our Strategic Plan, along with the application of technology to capture results, is innovative. Like all significant changes, it requires organizational adjustment and presents opportunities to learn.

The information presented in this report is primarily for internal use and demonstration purposes. The results presented are accumulated from the data entered into a new OIG Performance Results and Measurement System and the IGOR (Inspector General Operations Reporting System). Some of the reported results and timeliness information is incomplete, and not entered consistently with the system data fields and definitions. The data has not been comprehensively verified, but represents significant progress in collecting a new array of results supporting our four Strategic Goals.

It is from this beginning, that we will identify and apply needed data quality assurances and accountability controls for reliable management information.

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This report is designed to demonstrate progress against the EPA OIG Strategic Plan, in compliance with the reporting requirements of Government Performance and Results Act. It is not intended to duplicate descriptions of significant audits, evaluations, investigations and other organizational activity presented in EPA OIG Semiannual Reports to Congress. We suggest that the reader also refer to the Semiannual Reports for FY 2001 available electronically from [HTTP://WWW.EPA.GOV/OIGEARTH](http://www.epa.gov/oigearth).

# Summary of OIG Results for FY 2001 - Scorecard

Performance Results <i>(highlights)</i>	<u>Goal 1. Contribute to Improved Environmental Quality and Human Health</u> <ul style="list-style-type: none"><li>59 Agency/delegated entity actions/decisions/changes/improvements influencing environmental impacts (236% of target)</li><li>24 Environmental risks reduced or eliminated (160% of target)</li><li>3 Best practices implemented to improve environment &amp; health (20% of target)</li></ul> <u>Goal 2. Improve EPA’s Management and Program Operations</u> <ul style="list-style-type: none"><li>\$72.4 million in potential costs, savings, fines and recoveries (168% of target)</li><li>98 Criminal, civil, or administrative actions (196% of target)</li><li>63 Management practice/policy changes and 4 FMFIA/Mgt Challenges corrected</li></ul> <u>Goal 3. Produce Timely, Cost Effective Products and Services That Meet Customer Needs</u> <ul style="list-style-type: none"><li>32 Collaborative efforts with other agencies (457% of target)</li><li>56% Of OIG work is required or requested (186% of target)</li></ul> <u>Goal 4. Enhance Diversity, Innovation, Teamwork and Competencies in OIG</u> <ul style="list-style-type: none"><li>75% of products developed or accessible electronically</li><li>94% Parity with civilian workforce</li></ul>																																
Operational Activity	<ul style="list-style-type: none"><li>60 Reports Issued OIG Managed</li><li>214 Reports performed by another Federal Agency (e.g. DCAA)</li><li>211 Single Audit Act Reviews</li><li>172 Reports resolved</li><li>137 Audits with no final action by EPA, over 365 days past due</li><li>33 Reports for which no management decision was made within 6 months</li><li>42 Investigations opened</li><li>54 Investigations closed</li></ul>																																
Customer Service	<ul style="list-style-type: none"><li>80.0% Combined OIG Customer Service Rating (104% of target)<ul style="list-style-type: none"><li>77.5% OIG Products/Services Rating</li><li>85.3% OIG Staff Rating</li><li><u>Highest and lowest rated areas</u><ul style="list-style-type: none"><li>73% Timeliness</li><li>72% Practicality of recommendation/advice</li><li>92% Professional &amp; courteous</li><li>85% Builds constructive relationships</li></ul></li></ul></li></ul>																																
Use of Resources	<ul style="list-style-type: none"><li>\$30,665,152 Mgt Expenditures (90% FY01 Appropriation.)</li><li>\$10,385,655 Superfund Expenditures (91% FY01 Appropriation)</li><li>\$ 7,334,904 Carryover from FY 00, \$11,767,797 Carryover to FY02</li><li>252 Mgt FTE Used (91.6% FY01 Budget)</li><li>71.3 SF FTE Used (75.8% FY01 Budget)</li><li><table><tr><th>Cost/FTE:</th><th>Object class</th><th>MGT</th><th>SF</th><th>Avg. Time: % Direct, Elapsed, Staff on Products</th></tr><tr><td></td><td>PCB</td><td>\$ 90.7</td><td>\$102.6</td><td>Direct Time Charged of Total Available 42.8%</td></tr><tr><td></td><td>Travel</td><td>\$ 5.0</td><td>\$ 5.9</td><td>Average Direct Staff Hours/Investigation 152</td></tr><tr><td></td><td>Admin. Exp</td><td>\$ 2.2</td><td>\$ 2.5</td><td>Average Elapsed Months/Investigation 33</td></tr><tr><td></td><td>Admin. Cont</td><td>\$ 4.9</td><td>\$ 6.9</td><td>Average Direct Staff Days/Audit 329</td></tr><tr><td></td><td>WCF</td><td>\$ 4.5</td><td>\$ 8.5</td><td>Average Elapsed Months /Audit 14.3</td></tr></table></li></ul>			Cost/FTE:	Object class	MGT	SF	Avg. Time: % Direct, Elapsed, Staff on Products		PCB	\$ 90.7	\$102.6	Direct Time Charged of Total Available 42.8%		Travel	\$ 5.0	\$ 5.9	Average Direct Staff Hours/Investigation 152		Admin. Exp	\$ 2.2	\$ 2.5	Average Elapsed Months/Investigation 33		Admin. Cont	\$ 4.9	\$ 6.9	Average Direct Staff Days/Audit 329		WCF	\$ 4.5	\$ 8.5	Average Elapsed Months /Audit 14.3
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EPA Management Challenges Reported by OIG	<ul style="list-style-type: none"><li>Accountability (including cost accounting)</li><li>Automated Info Systems Security</li><li>Oversight/Use of Asst Agreements</li><li>Backlog of NPDES Permits</li><li>Resources for Competencies/Human capital</li></ul>	<ul style="list-style-type: none"><li>Quality of Laboratory Data</li><li>IRM Management</li><li>Working Relations with States/Partners</li><li>Results Based Info Technology/Project Mgt</li><li>Protecting Critical Infrastructure from Attacks</li></ul>																															
FMFIA Weakness in OIG	<ul style="list-style-type: none"><li>Human Resources System (Recruitment Strategy)</li><li>Career Management (Skills Gaps)</li><li>Performance Agreements</li><li>Organizational Position Descriptions</li><li>Info Tech Long-Range Plan &amp; Purchases</li><li>IGOR System</li></ul>	<ul style="list-style-type: none"><li>OIG Intranet</li><li>Records Management</li><li>Business Planning Process</li><li>Project Management/Accountability</li><li>Cost Accounting</li><li>Assignment Follow-up</li></ul>																															

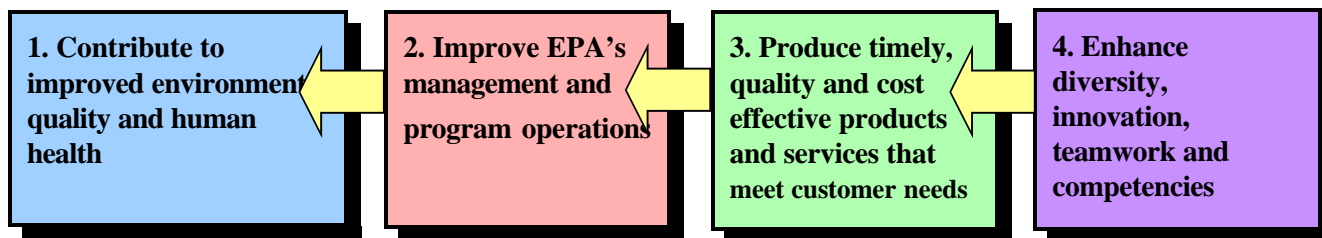
## OIG Vision

We are agents of positive change striving for continuous improvement in our Agency's management and program operations and in our own office. We contribute to environmental quality, human health, and good government through problem prevention and cooperative solutions.

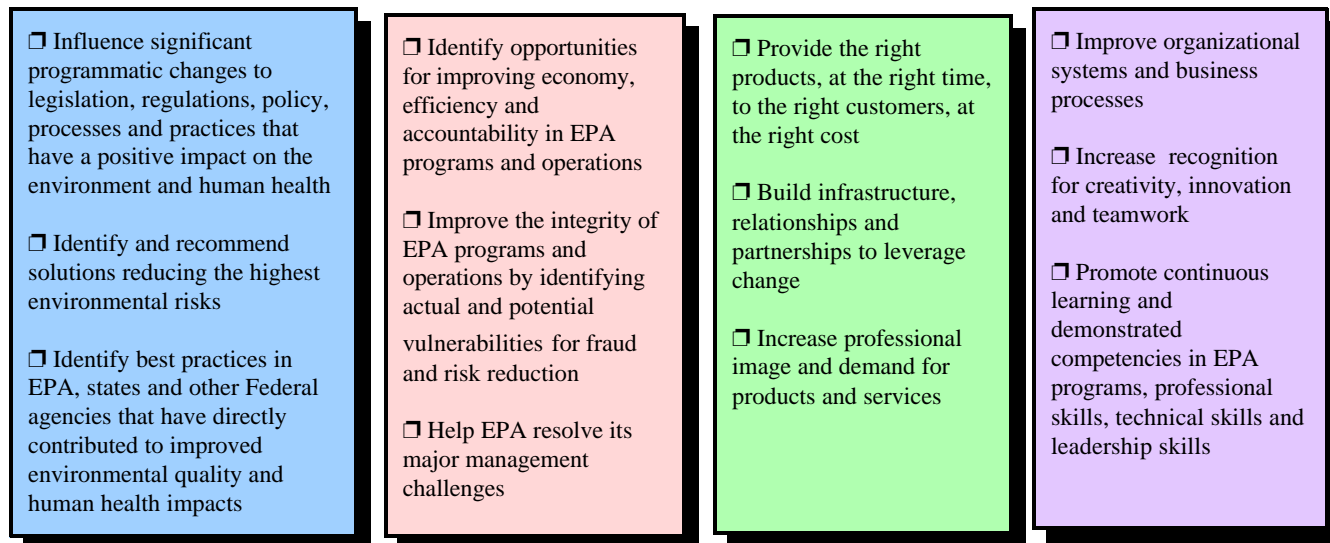
## Mission

- \*Promote economy, effectiveness and efficiency within the agency
- \*Prevent and detect fraud, waste, and abuse in agency programs and operations

## Goals (FY 2001 - 2005)



## Objectives



## Strategic Areas of Emphasis

1. Air
2. Water
3. Safe Food
4. Waste Management
5. International Issues
6. Environmental Data
7. Scientific Research
8. Enforcement & Compliance Assistance

1. Financial Management & Cost Accounting
2. Assistance Agreements
3. Contracts
4. Computer Security
5. Human Capital
6. Systems

1. Customer Focus
2. Partnering
3. Business Planning (product/process design)
4. Integrated Measurements (performance linkages)
5. Outcome Orientation (Begin with the end in mind)
6. Activity Based Costing (project management)

1. Human Capital (skills & development)
2. Communications (trust & understanding)
3. Organizational Realignment (matrix management)
4. Integration of High Performance Culture
5. Integrated Knowledge Information Systems

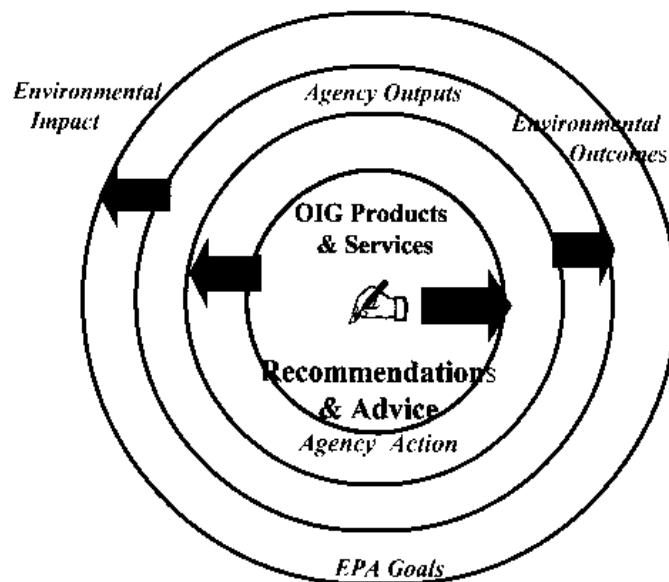
<b>FY 2001 EPA OIG Performance Objectives by Goal</b>	<b>FY 2001 Targets</b>	<b>FY 2001 Results</b>	<b>% Target Achieved</b>
Goal 1: Improvements/changes/decisions/actions influencing environmental impacts or preventing loss	25 Actions & Impacts	(2 legislation, 3 regulatory, 48 policy/process changes, 6 examples env. impacts) 59 total action/impacts	236%
Goal 1: Environmental risks identified, reduced or eliminated from solutions and enforcement actions	15 Risks	(5,894 risks identified 24 risks reduced) 5,918* total risks	39,293%
Goal 1: Best Practices identified/implemented that can improve environmental & human health	15 Best Practices	(9 identified, 3 transferred) 12 total best practices	80%
<i>Goal 1: Other - Recommendations for environmental action</i>		34 Recommendations made	
Goal 2: Return 100% of investment in OIG budget from questioned costs, savings, recoveries and fines	\$43 Million	\$72.4 Million	168%
Goal 2: Reduce the risk of loss to resources, and integrity of programs and operations from enforcement actions & certifications	50 civil, criminal admin actions & certifications	(98 criminal, civil, admin actions; 9 certifications.) 107 total actions	214%
Goal 2: Assist EPA improve implementation of GPRA	46 percentile	25 percentile	121%
<i>Goal 2: Other - Recommendations, best practices identified &amp; implemented, examples of practice changes, new FMFIA/ Management Challenges identified, corrected management challenges to improve management and operations</i>		148 recommendations made 17 best practices identified 63 process/practice changes made 4 corrected management challenges/FMFIA	
Goal 3: Products/services that provide customer satisfaction	77% rating	80% satisfaction rating	104%
Goal 3: Establish collaborative relationships that leverage resources and changes with federal and state partners	(2 fed, 5 states) 7 partnerships	32 collaborative efforts	457%
Goal 3: Increase image & demand for OIG products/services	30% of work requested	56% of work requested or required	186%
<i>Goal 3: Other - Contacts with OMB/Cong, requests to testify meet milestones/ plans/expectations; recommendations cases and advice are accepted/sustained</i>		11 OMB/Congressional contacts 4 requests to testify 60% milestones met	
Goal 4: Promote use of technology - establish baseline	75% avg	72% work done electronic. 77% available electronic'ly	
Goal 4: Enhance recognition for creativity, teamwork and diversity - establish baseline	94% parity 1.5 award/emply 18 new IG tech 19 multi teams	94% parity with civilian work force 515 awards 18 new techniques in OIG 19 multi-discipline teams	
Goal 4: Enhance staff competencies - establish baseline	% compliance with prof. stds.		

\* one type of risk was reported to exist at each of over 5600 waste-water treatment facilities



## Linking Our Work to Outcomes and Impacts

All of our work is planned based on the anticipated value toward influencing resolution of the Agency's major management challenges, reducing risk, improving practices, program operations and saving tax payer dollars, leading to positive environmental impacts and the attainment of EPA's Strategic Goals.



Creating a Nexus or Link Between OIG Products/Services and Environmental Impacts/Goals

**“Start With the End In Mind”, using a Customer Focused approach.**

Linkage of OIG <i>Business Line Measures/Results</i> from Products & Services to Improved EPA Operations & Impacts: Results compared to resources used, = Return on Investment		
<i>Outputs</i> (Audit, Evaluation, Advisory, Investigative Products & Services)	<i>Agency Intermediate Outcomes</i> (Catalysts)	<i>Agency goals/Outcomes and Impacts</i>
Questioned Costs/Savings Recommendations/Opinions Advice/Analysis/Projects Indictment/Convictions Civil/Administrative Fines/Restitutions Reports/Briefings Evaluation Conclusions	Legislative Change Regulatory Change Policy Change Practice Change Enforcement Actions Industry, Grantee or State Monitoring \$\$ Recovered, Offset or Avoided	Improved Efficiencies Improved Effectiveness Improved Controls Increased Compliance Improved Reporting Risk Reduction Improved environmental & Health Results

Above is an illustration of how our work is measured from outputs to outcomes, creating a nexus or linkage between OIG products and services and environmental impacts and goals. Customer Satisfaction surveys provide additional accountability feedback for the quality, timeliness and value of our work, as well as information for future product or service focus and design.

## Goal 1. Contribute to improved environmental quality and human health

### Objectives

**Influence significant programmatic changes to legislation, regulations, policy, processes and practices that have a positive impact on the environment and human health.** *Annual Targets: By 2001, the OIG will recommend 25 improvements across EPA's environmental goals. Actual Reported: 59*

**Identify and recommend solutions for reducing the highest environmental risks.** *By 2001, the OIG will identify and recommend solutions and/or enforcement actions that reduce or eliminate at least 15 risks of loss to health and environmental quality across EPA's environmental goals. Actual Reported: 5,918*

**Identify best practices in EPA, states and other Federal agencies that have directly contributed to improved environmental quality and human health impacts.** *By 2001, the OIG will identify at least 15 best and innovative environmental practices and actions that can be applied and transferred to or within EPA. Actual Reported: 12*

### Measures of Results and Progress

**34 # Recommendations for Environmental Improvement**

**2 # Legislative Changes/Decisions**

**3 # Regulatory Changes/Decisions**

**48 # EPA Policy/Directive/Process Changes/Decision**

**5,894\* # Environmental Risks Identified**

**24 # Environmental Risks Reduced/ Eliminated**

**9 # Best Practices Identified**

**3 # Best Practices Transferred/Implemented**

**6 # Examples of Environmental Improvements/Impacts/Behavioral Change**

## **Examples of Selected Results Demonstrating Progress on Goal 1.**

### **Objective: Improvements/changes/decisions influencing positive environmental impacts or preventing loss**

- ▶ State of Missouri is implementing plans to restore watersheds, and developing objectives and measures of pollution abatement.
- ▶ State of New York took actions to renew focus on combined sewer overflows, and made changes in its permit prioritization system.
- ▶ Audit influenced signing of a multi-agency Memorandum of Understanding (MOU) to enhance cooperation for water quality standard consultations.

### **Objective: Risks to environmental quality and health reduced/eliminated from solutions/enforcement actions**

- ▶ Asbestos workers found to be unauthorized aliens, and not properly trained in asbestos removal. Suspended person selling asbestos training certificates to untrained abatement workers. Actions reduced health risks to building inhabitants and workers.
- ▶ Utility sentenced for violation of Clean Water Act for discharging nitrogen directly into a bay without adequate treatment.
- ▶ Regional management agreed to significant changes in Region 6's process for evaluating Supplemental Environmental Project (SEP) proposals that will ensure that only projects with significant environmental/human health improvements are accepted.

### **Objective: Best practices and recommendations identified that can be applied to influence environmental performance**

- ▶ New York developed two new Best Management Practices for combined sewer overflow permitting and improvements.
- ▶ Audit recommended that guidance to states should be developed concerning insurance policies used to establish Resource Conservation and Recovery Act (RCRA) financial assurance. Ten captive insurance policies were identified in 9 states, which present environmental risks.
- ▶ Recommended changes to the process that requires facilities to report toxic releases into surface waters. A large number of facilities were still making regular releases.

## GOAL 2. Improving EPA's Management and Program Operations

### Objectives

**Identify opportunities for improved economy, efficiency, and accountability in EPA programs and operations.** *Annual Target: By 2001, the OIG will identify potential cost savings, recoveries and fines equaling at least one time the annual dollar investment in the OIG (\$43 Million).* **Actual: \$ 72.4 Million**

**Improve the integrity of EPA programs and operations by identifying and reducing actual and potential vulnerabilities for fraud and risk reduction.** *Annual Target: By 2001, the OIG will reduce and prevent the risk of loss from fraud by contributing to at least 50 cumulative criminal, civil, or administrative actions.* **Actual: 107**

**Help EPA resolve its "major management challenges."** *Annual Target: By 2001, the OIG will spend at least 5 percent of available time identifying EPA's Major Management Challenges and advising the Agency on eliminating each management challenge within three years of its designation as such, and achieving a rating in the top 51 percent of all agencies for implementation of the Results Act.* **Actual: 25 percentile GPRA rating among all Agencies.**

### Measures of Results and Progress

**\$35.1M Questioned Costs**

**\$32.1M Recommended Efficiencies, Costs Saved or Avoided**

**\$5.2M Fines/Recoveries/Restitutions/Collections**

**98 # Criminal/Civil/Administrative Actions**

**17 # Best Practices Identified/Implemented**

**63 # Examples of Process/Practice Changes/Decisions**

**148 # Recommendations for Management Improvement**

**2 # New FMFIA/Management Challenges identified**

**21 % EPA Improvement In GPRA Rating**

**4 # Corrected Management Challenges/FMFIA Weaknesses**

**80 % Customer Satisfaction with EPA Service Quality (audit)**

**9 # Certifications/Verifications/Validations**

## **Examples of Selected Results Demonstrating Progress on Goal 2.**

### **Objective: Return on investment from opportunities for improved business processes, practices, and savings**

- ▶ Identified two projects that planned to claim \$220,000 of unallowable match.
- ▶ Funds claimed by the Napoleon, Ohio schools under an EPA asbestos grant and loan were questionable. EPA should recoup about \$2 million.
- ▶ About \$1.7 million in fines and restitution returned to several environmental trust funds.

### **Objective: Action reducing/eliminating risk of loss or improvement in operational and program integrity**

- ▶ Suspension of company (contractor) and individual.
- ▶ Letters of reprimand and warning for three Agency employees.
- ▶ Change in wording of 104(e) letter and forms, as a result of an investigation.

### **Objective: Identification of, and help resolving Management challenges; best practices promoting management improvements; management recommendations, & EPA implementation of GPRA**

- ▶ Recommendations made concerning the need for improving Agency evaluations of proposed Supplemental Environmental Projects (SEPs), related consent decree requirements, and documenting SEP completions.
- ▶ Two good program practices identified: (1) issuing compliance letters to facilities which have adequately completed all actions required in enforcement instruments, and (2) improving file documentation through the use of Technical Review Action sheets.
- ▶ Recommendation based on review of Agency electronic payment system resulted in payment system now operated directly with the Agency's accounting system. This eliminates faxing of payment forms from the regions to the Las Vegas financial management center for processing and entry of payment data into two systems, versus one system; and other data entry improvements.
- ▶ Management Accountability Report review for Region 10 suggested corrective actions that should improve the Regions' award and post-award monitoring procedures for General Assistance Program grants.
- ▶ EPA improved its GPRA Performance Reporting Rating, as reported by the Mercatus Institute and the Senate Government Affairs Committee, from 11<sup>th</sup> (45.6 percentile) to 6<sup>th</sup> (25 percentile) out of the 24 agencies with Chief Financial Officers, specifically from OIG recommendations on disclosure of, and reference to, Management Challenges throughout the Agency's Annual Report.

## GOAL 3: Producing Timely, Quality and Cost Effective Products and Services that Meet Customers Needs

### Objectives

Provide the right products, at the right time, to the right customers, at the right cost.

*Annual Target:* By 2001, the OIG will develop and apply market and business knowledge to achieve an overall customer satisfaction rating of 77% for its products and services.

Actual: 80% composite customer service rating, 60% of project milestones met

Build infrastructure, relationships, and partnerships to leverage change. *Annual Target:* By 2001, the OIG will develop cooperative activities with 2 federal agencies and 5 states (7 partnerships) Actual: 32

Increase professional image and demand for products and services. *Annual Target:* By 2001, at least 30% of the OIG work will be customer requested, including testimony and speeches. Also, OIG staff will achieve an 82% rating for constructive, professional, and courteous attitude. Actual: 56% of OIG work is required/requested, 85% rating for staff.

### Measures of Results and Progress

- 80 % Customer Satisfaction Ratings (77.5% products/services, 85.3% staff)**
- 60 % of Engagement Letter/Project/Budget Expectations/Milestones Met**
- 4 # of Requests to Testify (Congress or judicial)**
- 32 # of Collaborative Efforts, States/Feds**
- 11 # of Contacts With Congress/OMB Staff**
- 56 % of OIG Work Requested/Required**

### **Examples of Selected Results Demonstrating Progress on Goal 3.**

#### **Objective: Customer satisfaction with OIG products, services and attitudes**

- ▶ OIG 2001 External Survey of customer feedback shows a favorable improvement in 13 out of 14 rating questions since the 1998 Survey.
- ▶ Customer survey completed at conclusion of *Assistance Agreement Awarded to the Center for Chesapeake Communities* report indicated positive results from our product, services, and attitudes.
- ▶ Southern Audit Division team received a letter of commendation from the Agency's Grants and Debarment Office for balanced reporting and professionalism.

#### **Objective: Build collaborative relationships to leverage change with federal and state partners**

- ▶ Joint investigation case worked with Defense Investigative Service, National Aeronautics and Space Administration OIG, and the Internal Revenue Service's Central Investigation Division.
- ▶ Collaboration with the Agency's Office of Enforcement and Compliance, Office of Water, regions, and states on a state enforcement audit of Clean Water Act dischargers.
- ▶ Investigation on repayment of funds worked with Virginia's Department of Environmental Quality and Virginia State police.

#### **Objective: Develop professional image, quality and demand for OIG products and services**

- ▶ State Revolving Fund audits and consulting-type engagements with several regions (Western Audit Division, Central Audit Division) produced good feedback and demand for further services.
- ▶ Mid-Atlantic Audit Division senior managers pleased with complex audit on Tranguich Superfund site. Collaboration with State of Pennsylvania, and Pennsylvania State Senate.
- ▶ Central Audit Division met engagement letter expectations, project plan, and budget estimates. Developed good working relationship with region and the Agency's Office of Water program.

## GOAL 4: Enhancing diversity, innovation, teamwork, and competencies

### Objectives

**Improved organization systems and production processes.** *Annual Target.* By 2001, the OIG will establish a baseline for the use of technology, and use organizational designs that apply multi-discipline resources for high impact solutions. **Actual: 75% work done/accessible electronically, 19 multi-discipline teams**

**Increased recognition for diversity, innovation, and teamwork.** *Annual Target.* By 2001, the OIG will establish a baseline for recognizing employee innovation and teamwork. **Actual: 515 awards, 94% parity with civilian workforce, 18 innovations implemented**

**Improved continuous learning and demonstrated competencies in EPA programs, professional skills, technical skills and leadership skills.** *Annual Target.* By 2001, the OIG will establish a baseline for increasing its skills, abilities, and competencies. **Actual: (baseline data not completed)**

### Measures of Results and Progress

**94.2 % Staff In Parity with Civilian workforce**

**19 # Assignments By Multi-disciplinary Teams**

**515 # Awards for Creativity, Innovation & Teamwork**

**72 % Work Performed Electronically**

**77 % Products Available Electronically**

**18 # Innovative Techniques/Processes, Implemented (by OIG)**



### **Examples of Selected Results Demonstrating Progress on Goal 4.**

**Objective: Improve organizational systems and processes through technology and multi-discipline approach**

- ▶ OIG engineers participated in several audit teams to provide technical advice.
- ▶ State Enforcement of Clean Water Act Dischargers audit incorporated work between Southern, Central, and Western Audit Division office teams for engineering and technical writing skills.
- ▶ Computer specialist contributed presentation skills for Mid-Atlantic Audit Division *Assistance Agreement Awarded to the Center for Chesapeake Communities* audit.
- ▶ Central Audit Division team of evaluators, auditors, engineer and scientist collaborated on an Agency water program audit.

**Objective: Increase and recognize organizational and staff achievement, innovation, teamwork and diversity**

- ▶ Awards in various categories distributed to OIG staff throughout FY 2001, and recognized at national training session in Phoenix, AZ.

**Objective: Improve staff competencies in EPA programs, technical, leadership, & professional skills**

- ▶ Training for technical, leadership and professional skills was taken by all OIG staff during FY 2001.

## Customer Service Results

### Actual OIG External Customer Survey Results Compared to Strategic Targets

(Based on 100% scale)

Year Questions About:	1998/1999 Actual	2000 Actual	2001 Actual	2001 Target	2002 Target	2005 GOAL
OIG Products/Services	73.5%	74%	77.5%	74%*	76%*	80%
OIG Staff	77%	79.6%	85.3%	82%*	84%*	90%
<b>TOTAL</b>	<b>74.6%</b>	<b>76%</b>	<b>80%</b>	<b>77%</b>	<b>79%</b>	<b>85%</b>

### Customer/Client Attribute Survey Results FY 1999-2001

Year	Attributes	1998/99	2000	2001
<b>N Factor</b> (# of responses)	(63% response rate in FY 98/99, 58% response rate in FY 2001)	57	26	90
<b>Question 3</b>	Respondent knowledge of IG Act/Mission	54%	X	50%
<b>Question 4</b>	<i>OIG Products/Services are:</i> Factually accurate	75%	75%	78%
<b>Question 5</b>	Objective and balanced	73%	72%	77%
<b>Question 6</b>	Relevant & significant	75%	70%	82%
<b>Question 7</b>	Useful for decisions & actions	70%	75%	78%
<b>Question 8</b>	Recommendations or advice are practical	70%	70%	72%
<b>Question 9</b>	Logical and understandable	75%	78%	78%
<b>Question 10</b>	Timely	75%	78%	73%
<b>Question 11</b>	Responsive to needs/requests	75%	77%	77%
<b>Question 12</b>	Contributes to EPA goals	73%	73%	77%
<b>Question 13</b>	<i>OIG Staff :</i> Are Professional & courteous	87%	88%	92%
<b>Question 14</b>	Knowledgeable of programs	68%	75%	78%
<b>Question 15</b>	Communicate clearly	75%	80%	85%
<b>Question 16</b>	Seek comments & clarification	77%	78%	82%
<b>Question 17</b>	Build constructive relationships	77%	77%	85%
<b>TOTAL</b>		<b>74.6%</b>	<b>76%</b>	<b>80%</b>

## Narrative Customer Survey Questions and Responses

<b><i>18. <u>How can we improve OIG products/services, processes or results?</u></i></b>	<b><i>Number of Comments</i></b>
<b>Program knowledge</b> - technical knowledge; more needed by OIG.	<b>11</b>
<b>Recommendations</b> - comments about being/not being too strong, not being focused enough, not being flexible enough, too many in number	<b>6</b>
<b>Timeliness</b> - thoroughness not adequate in auditing and/or reporting, assignments started are not getting finished	<b>8</b>
<b>Financial</b> - focus more on financial issues; grants, contracts, agreements & internal EPA funds for programs	<b>2</b>
<b>Communication</b> - better notification about audits/services, more involvement in final product	<b>7</b>
<b>State relations</b> - more knowledge of what States may need, be more sensitive to regional and State relationships.	<b>2</b>
<b><i>19. <u>With what products or services, and in what program areas can the OIG best serve EPA?</u></i></b>	<b><i>Number of Comments</i></b>
<b>Root cause analysis</b> - system-wide analysis, weaknesses analysis, program goals/issues.	<b>5</b>
<b>Standard</b> - policy and management audits.	<b>2</b>
<b>State relationship activities</b> - issues, oversight, partnering, permits assistance/audits.	<b>7</b>
<b>Progress, followup</b> and knowledge about whether implementation of recommendations actually took place.	<b>3</b>
<b>Financial issues</b> - concentrate on financial audits	<b>8</b>
<b>Communication w/Congress, States, public</b>	<b>3</b>
<b>Proactive assistance</b> - partner with programs, train programs about auditing/evaluating/investigating, share investigative skills, more assist/consultation for programs	<b>3</b>
<b><i>20. <u>How do OIG products or services add value? If you do not believe they add value, why not?</u></i></b>	<b><i>Number of Comments</i></b>
<b>Financial, grant, contract, agreement, SRF audits/investigations</b> invaluable to EPA financial programs	<b>11</b>
<b>OIG defends/sells Agency positions</b> to Congress, public, other agencies, etc.	<b>5</b>
<b>Identify EPA program deficiencies and issues</b> , on internal controls, regulations, policies, allegations, etc.	<b>35</b>
<b>Provide independent/balanced reviews</b>	<b>11</b>
<b>Help with State/Region credibility on issues</b>	<b>9</b>
<b>Help with collaboration/positive working environment</b> with EPA programs, especially using consulting and assistance	<b>9</b>
<b>Focus on Issues</b> - OIG helps programs focus on major issues, goals, needs, financial statements	<b>12</b>

## Other Comments By Customers and Clients

### Complaints

- ▶ **OIG has no leverage for change.**
- ▶ **We leave Regions in weak position w/States, esp. on enforcement.**
- ▶ **Staff did not keep appointments.**
- ▶ **Had better relationship with OIG 3 years ago.**
- ▶ **Disagreements between program technical staff and OIG technical staff.**
- ▶ **Review OIG competencies. Auditees should be able to rank OIG staff.**
- ▶ **OIG second-guessed a Regional Administrator's decision.**
- ▶ **Would be more productive if we would coordinate w/Programs for common goals.**
- ▶ **Be more flexible with recommendations.**
- ▶ **Don't need criticism that States don't follow Federal guidance.**
- ▶ **Not enough leverage from OIG to ensure changes in program "causes."**
- ▶ **Faster closure process; re: old reports.**

### Compliments

- ▶ **Very professional staff. Courteous. Cooperative.**
- ▶ **Auditors added value to RCRA program.**
- ▶ **Liked ability to review drafts and pre-final discussions, and make changes/flexible.**
- ▶ **Willing to discuss recommendations to add value.**
- ▶ **Informal management reviews helpful; and assists helpful.**
- ▶ **Clarified goals and shared information for better final product.**
- ▶ **Coordinated well with program staff during audit.**
- ▶ **Open to requests for advice and assistance.**
- ▶ **Sought feedback.**
- ▶ **Good relationship with programs.**
- ▶ **Face-to-face meetings good. Also periodic meetings good.**
- ▶ **OIG does thorough job in review.**
- ▶ **Well written reports.**
- ▶ **Good working relationship with Regional and State staffs.**
- ▶ **Good advance notification about audit.**
- ▶ **Audit team knowledgeable about State programs.**
- ▶ **Did good collaboration with States.**

**FY 2001 FINANCIAL STATEMENTS FOR OIG, (Figures From IFMS - Unaudited)**

(Source: EPA Integrated Financial Management System)

Budget Object Class	FY2000 Carryover Funds Applied in FY2001 <i>before reprogramming</i>	FY 2001 Approp. Expended	Total FY 2001 Expenditures (carryover + approp)	Total FY2001 Expenditures as % of FY2001 Appropriation	Cost per FTE in 000s
<b>MANAGEMENT</b>					
10 PC&B		\$22,853,190	\$22,853,190	84%	\$90.7
21 Travel	\$ 832,770	422,042	1,254,812	78%	\$ 5.0
29 Prog. Expenses	19,691	9,696	29,387	319%	
30 Admin. Expenses	283,771	279,708	563,479	89%	\$ 2.2
32 Prog. Contracts	1,082,157	1,304,829	2,386,986	134%	
33 Admin Contracts	799,604	431,342	1,230,946	48%	\$ 4.9
35 WC Fund	1,123,113	0	1,123,113		\$ 4.5
41 Grants	0	0	\$ 0		
Reprogrammed PC&B	1,223,239		1,223,239		
<b>TOTAL OIG MANAGEMENT</b>	\$ 5,364,345	\$25,300,807	\$30,665,152	90%	
<b>SUPERFUND</b>					
10 PC&B		\$ 7,318,194	\$ 7,318,194	79%	\$102.6
21 Travel	\$ 347,686	75,888	423,574	105%	\$ 5.9
28 Site Travel	21,012	602	21,614	432%	\$ .3
29 Prog. Expenses	10,330	2,457	12,787	556%	
30 Admin. Expenses	101,237	74,248	175,485	111%	\$ 2.5
32 Prog. Contracts	284,462	806,207	1,090,669	118%	
33 Admin Contracts	355,644	137,501	493,145	76%	\$ 6.9
35 WC Fund	604,753	0	604,753		\$ 8.5
41 Grants	0	0	\$ 0		
Reprogrammed PC&B	245,435	0	245,435		
<b>TOTAL OIG SUPERFUND</b>	\$ 1,970,559	\$ 8,415,096	\$10,385,655	91%	
<b>FY 2001 GRAND TOTAL</b>	<b>\$ 7,334,904</b>	<b>\$33,715,903</b>	<b>\$41,050,807</b>	<b>90%</b>	

**FY 2001 PC&B COST PER FTE BY OFFICE (combined Management & Superfund)**

<b>OFFICE</b>	<b>TOTAL FTE USED</b>	<b>TOTAL PC&amp;B USED</b>	<b>COST Per FTE</b>
Audit	7.9	\$ 850,384	<b>\$ 107,643</b>
Human Capital	249.0	22,510,595	<b>90,404</b>
Program Evaluation	13.2	1,151,784	<b>87,256</b>
Investigations	11.6	1,362,972	<b>117,498</b>
Mission Systems	16.4	1,366,012	<b>83,293</b>
Plann'g Analysis Results	13.1	1,254,601	<b>95,771</b>
Counsel	6.6	640,152	<b>97,000</b>
Immediate IG Office	5.5	796,007	<b>144,729</b>
<b>TOTAL</b>	<b>323.3</b>	<b>\$ 29,932,507</b>	<b>\$ 92,584</b>

**FY 2001 FTE USAGE by APPROPRIATION**

<b>Approp Account</b>	<b>FY 01 FTE Available</b>	<b>FY 01 FTE USED</b>	<b>% FTE Budget USED</b>
<b>Management</b>	<b>275</b>	<b>252.0</b>	<b>91.6%</b>
<b>Superfund</b>	<b>94</b>	<b>71.3</b>	<b>75.8%</b>
<b>TOTAL</b>	<b>369</b>	<b>323.3</b>	<b>87.6%</b>

**FY 2000 APPROPRIATION - FINAL UTILIZATION RATE**

<b>Appropriation Account</b>	<b>FY 2000 \$ Appropriation</b>	<b>FY 2000 \$ Appropriation Used</b>	<b>2000 \$s Lapsed</b>	<b>% \$s Used</b>
<b>Management</b>	<b>\$32,329,700</b>	<b>\$32,210,591</b>	<b>\$ 119,108</b>	<b>99.6%</b>
<b>Superfund</b>	<b>\$11,000,000</b>	<b>\$10,861,455</b>	<b>\$ 138,545</b>	<b>98.7%</b>
<b>TOTAL</b>	<b>\$43,329,700</b>	<b>\$43,072,046</b>	<b>\$ 257,654</b>	<b>99.4%</b>

**FY 2001 CARRY-OVER AVAILABLE to FY 2002**

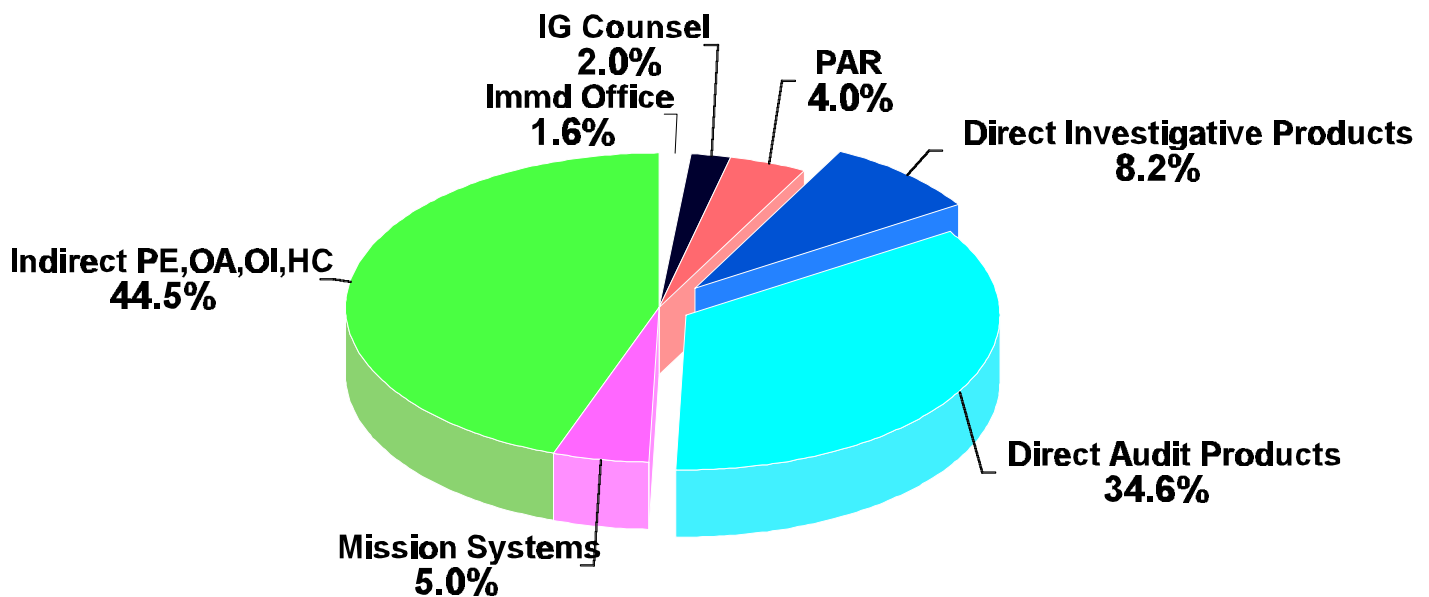
<b>Appropriation Account</b>	<b>FY 2001 \$ Appropriation</b>	<b>FY 2001 \$ Appropriation Used</b>	<b>FY 2001 \$ Carry-Over to FY 2002</b>
<b>Management</b>	<b>\$34,019,000</b>	<b>\$25,300,807</b>	<b>\$ 8,718,193</b>
<b>Superfund</b>	<b>\$11,474,700</b>	<b>\$ 8,415,096</b>	<b>\$ 3,059,604</b>
<b>TOTAL</b>	<b>\$45,493,700</b>	<b>\$33,715,903</b>	<b>\$11,767,797</b>

**FY 2001 STAFF (FTE) USAGE BY OFFICE**

(Source IGOR 2/02)

Office	Management	Superfund	TOTAL
Audit (OA)	6.1	1.9	<b>8</b>
Human Capital (HC)	189.6	64.8	254.4
Program Evaluation (PE)	11.2	1.5	12.7
Investigations (OI)	9.8	2.1	11.9
Mission Systems	13.1	3.2	16.3
Planning Analysis & Results (PAR)	10.5	2.6	13.1
IG Counsel	5.4	1.3	6.7
Immediate Office of IG	4.4	1.0	5.4
<b>TOTAL FTE</b>	<b>250.1</b>	<b>78.4</b>	<b>328.5</b>

**Distribution of Staff Time: Direct vs Indirect**  
**Total: 328.5**



The OIG used **42.8%** of reported available staff time on direct business line products, exclusive of memo reports, Single Audit Act reviews, audits performed by another agency, and other briefings and consultative services.

# Time Elapsed to Issuance/Completion of Audit Products FY 2001

(Source IGOR 2/02)

This analysis shows the calendar time elapsed between when Audit Products/Services are started until completion/issuance, as an indicator of performance timeliness. **Average elapsed time for all OIG audit products in FY 2001 is 14.3 months, Average staff time charged for all OIG audits is 328.9 days. Percent of Audit Products/Services with Time Elapse Data\* = 55% (33 of 60).**

Performance Audits (P)	Elapsed Time in Months	Staff Time in Days	Financial Related Audits (1)	Elapsed Time in Months	Staff Time in Days	Special Audits (S)	Elapsed Time in Months	Staff Time in Days
000016 ITAS - EPA Computer Security Program	7	449	000074 EAD - E & E 1994 Incurred Cost audit	8	458	000002 HAD - Joint Review Mgmt. Of SF Collections	10	4
000003 CAD - Region 7 Nonpoint Source	21	303	000101 MAD - Chesapeake Assistance Agreements	12	245	000004 HAD - Region 5 SF Accounts Receivable	10.5	4
000004 CAD - Region 8 RCRA	15	482	000120 NAD - Chicago Schools	12	131	000003 HAD-Reg. 1 Accts.Rec.	10.5	4
000001 EAD - Combined Sewer Overflows	23	524	000073 NAD - Napoleon City Schools	27	122	000005 HAD-Reg. 6 Accts. Rec.	10.5	4
000002 EAD - Children's Health Risk Initiative Programs	10	446	000091 NAD - Earth-Tech Incurred Cost audit FY 96	4	31	000007 HAD - Libby SF site	9	865
000007 HAD - RCRA Financial Assurances	19	930	000190 NAD - Earth-Tech Incurred Cost audit FY 97	11	49	000010 NAD - Ecorse Creek	8	210
000008 MAD - Competitive Practices for Assistance Awards	19	917	000192 NAD - Earth-Tech Incurred Cost audit FY 98	11	41	000011 NAD - Disclosure of EPA Penalty Info to IRS	6	60
000012 MAD - NPDES Program	16	352	000075 WCD - E.H. Pechan	11	49	000001 WAD-South Carolina SF Recipient	9	93
000017 NAD - Petosky SF Site	27	699	000031 WCD - Guardian Env.	39	91			
000006 NAD - Enforcement Agreement Compliance	26	865	000202 WCD - ICF Floorcheck	5	73			
000011 NAD - SF Interagency Agreements	13	549	000197 WCD - ICF Consulting Financial Capability	12	42			
000014 SAD - SEP Survey	18	654						
000005 SAD - Assist. Agreements to Non-Profit Orgs.	12	123						
000013 WAD - State Enforcement Effect.	19	984						
<b>TOTAL 14</b>	<b>245</b>	<b>8277</b>	<b>TOTAL 11</b>	<b>152</b>	<b>1332</b>	<b>TOTAL 8</b>	<b>73.5</b>	<b>1244</b>
<b>AVERAGE TIME</b>	<b>17.5 Mo</b>	<b>591 days</b>	<b>AVERAGE TIME</b>	<b>13.8Mos</b>	<b>121Days</b>	<b>AVERAGE TIME</b>	<b>9.2 Mos</b>	<b>155 Days</b>

\* Elapsed time in this analysis starts from "Notification Date." Only 1 out of 95 assignments completed in FY 2001 had a reported "Start Date."



# Time Elapsed to Issuance/Completion of Investigation Products FY 2001

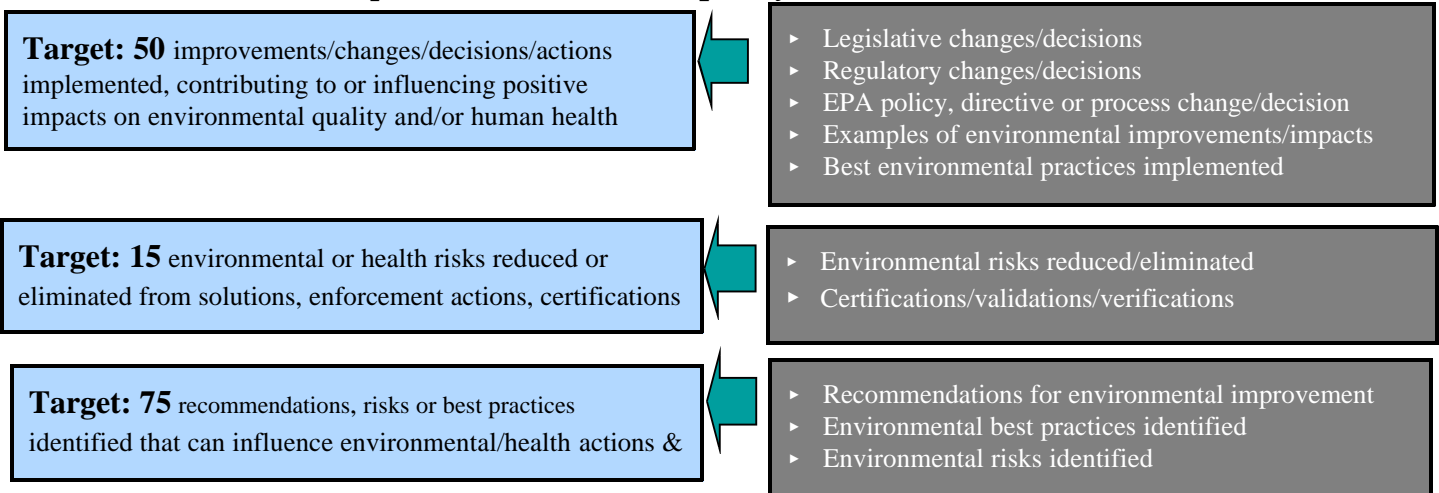
(Source IGOR 2/02)

This analysis shows the calendar time elapsed & staff time charged from the opening to closing of Investigation cases closed as an indicator of performance timeliness. For 54 investigation cases closed in FY 2001, average elapsed time is **32.6** months, average staff time is **151.6** hours.

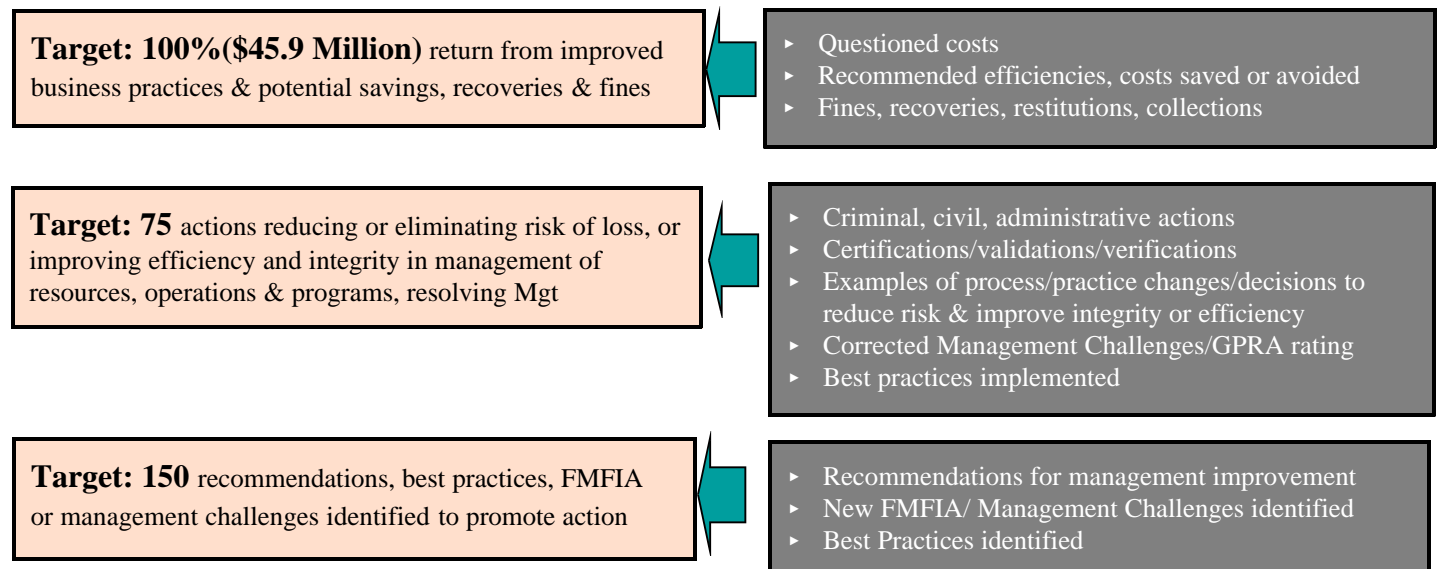
Investigation Cases by Division	Elapsed Time in Months	Staff Time in Hrs.	Investigation Cases by Division	Elapsed Time in Months	Staff Time in Hrs.	Investigation Cases by Division	Elapsed Time in Months	Staff Time in Hrs.
<b>Central</b>			<b>HQ</b>			<b>Western</b>		
000024	65	29	001132	5	0	000071	49	0
000058	48	1284	000396	1	158	000172	40	252
000061	2.5	69	00642	4	178	000173	41	178
000062	46	0	<b>HQ TOTAL</b>	<b>10</b>	<b>336</b>	000176	31	273
000073	37	20	<b>HQ AVERAGE</b>	<b>3</b>	<b>112</b>	001218	28	411
000080	36	15	<b>Mid-Atlantic</b>			001532	17	220
000082	32	68	00069	61	0	000838	14	66
000863	22.5	69	000129	37	424	001392	11	129
000977	24	89	000130	45	53	000126	40	118
001015	18	24	000139	37	13	000183	64	42
<b>Central TOTAL</b>	<b>331</b>	<b>1667</b>	000151	37	83	000760	23	146
<b>Cent. AVERAGE</b>	<b>33</b>	<b>167</b>	001019	31	254	001064	364	34
<b>Eastern</b>			000521	16	439	001583	8	0
000080	49	103	000834	5	38	000074	78	0
000115	35	4	000096	38	69	000067	65	0
000952	27	123	000101	36	135	000068	55	7
000907	23	1305	000864	29	0	000190	37	126
000601	20	674	000865	29	355	<b>Western TOTAL</b>	<b>965</b>	<b>2002</b>
001079	10	123	000013	15	12	<b>West. AVERAGE</b>	<b>57</b>	<b>118</b>
000861	27	126	001531	8	115			
001446	5	0	<b>Mid TOTAL</b>	<b>424</b>	<b>1990</b>			
<b>Eastern TOTAL</b>	<b>196</b>	<b>2458</b>	<b>Mid AVERAGE</b>	<b>27</b>	<b>124</b>			
<b>East. AVERAGE</b>	<b>25</b>	<b>307</b>						

## Fiscal 2002 Goal Targets with Map to Supporting Measures

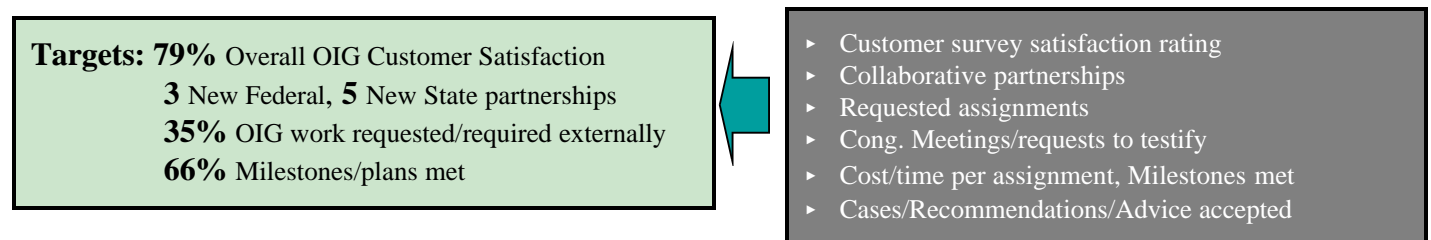
### Goal #1. Contribute to improved environmental quality and human health



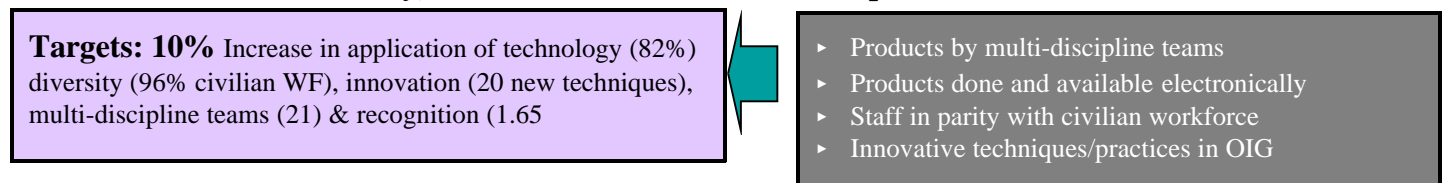
### Goal #2. Improve EPA's management, accountability and program operations



### GOAL #3. Produce timely, quality & cost effective products and services that meet customer needs



### GOAL #4. Enhance diversity, innovation teamwork and competencies in the OIG



NOVEMBER 1, 2001

Appendix 1

**MEMORANDUM****SUBJECT:** Fiscal 2001 Report on Management Controls**TO:** Christine Todd Whitman  
Administrator

I am submitting this annual report from the Office of Inspector General (OIG), in compliance with the requirements of Office of Management and Budget (OMB) Circular A-123, Management Accountability and Control, and the Federal Managers' Financial Integrity Act (FMFIA). This report also complies with the internal control requirements of OMB Circular A-130, Management of Federal Information Resources.

**ASSURANCE STATEMENT**

I have taken the necessary measures to assure that we have evaluated our internal controls in accordance with the guidance provided by the Office of the Comptroller. Based on our evaluation process and my personal knowledge, I believe that:

The internal controls in effect in the Office of Inspector General on September 30, 2001, taken as a whole, provide reasonable assurance of compliance with the objectives of FMFIA. The OIG has, however, identified three broad areas this year as OIG-level weaknesses, two of which contain related component issues identified as office-level weaknesses in FY 2000. These areas pertain to:

Human Resources Strategy  
Information Technology Strategy  
Business Systems

We have provided a brief description of these issues and the actions we have taken or plan to take under the Office-Level Weakness section of this report. We also plan to develop a more-detailed Management Action Plan (MAP), with milestone dates and action officials.

**MANAGEMENT CONTROL ACCOMPLISHMENTS**

The OIG conducted vulnerability assessments in each of its assessable units during Fiscal Year (FY) 2001. The OIG also conducted Quality Assurance Reviews in two of its investigative divisional offices and one audit divisional office during FY 2001. We designed the reviews to evaluate the: (1) extent to which our office is complying with Government Auditing Standards and/or OIG policies and procedures; and (2) efficiency and effectiveness of OIG management, programs, and operations. Our assessment steps selectively monitored how leadership and high

performance organizational concepts were implemented as a system of interrelated components to improve and achieve our desired performance results. Our reviews reported recommendations, as appropriate, to address issues identified during the review work; however, we did not identify any issues which were significant enough to be considered as material control weaknesses.

In addition to the above, the OIG took the following steps during FY 2001 to improve management controls:

- Implemented a Management Action Plan to improve the OIG's systems, processes, and office environment. The plan categorized the eight office-level weaknesses identified in FY 2000; identified goals, action items, accountability, and milestone dates; and established a process tracking our accomplishments and progress.

- Developed and began implementing a Diversity Action Plan to improve workforce diversity and achieve a staff that is more reflective of the diversity of our national workforce.

- Clarified and reinforced investigative, management, and administrative policies, procedures, and requirements.

- Established a project tracking system within the Office of Counsel to monitor and identify projects and their status.

- Refined the OIG's internal and external outreach strategy, which includes customer focus, marketing and partnerships.

- Reviewed administrative and operational issues to clarify and reinforce policies, procedures, and management control requirements and established workgroups to revise policies and procedures, as needed.

- Continued organizational-wide training in concepts of personal and organizational leadership and performance excellence.

- Improved OIG budgeting, analysis and reporting requirements under the Government Performance and Results Act, FMFIA, and the Inspector General Act.

- Reorganized to a matrix management structure with regional resource centers for audits, evaluations and investigations; and established a new Office of Human Capital to manage, coordinate and provide supervision to the resource centers.

- Hired a systems/science advisor to provide expert and independent advice on issues relating to integration of business systems and those relating to the scientific and technical problems facing EPA, the results of specific scientific efforts and the impact of emerging environmental problems.

- Provided advice, presentation and instruction for improving planning, measurement and accountability to OIG, EPA and Government-wide audiences.

- Successfully resolved three FY 2000 office-level weaknesses: Freedom of Information Requests, Internal Review and Tracking System, and Diversity Awareness/Sensitivity.

## **OFFICE-LEVEL WEAKNESSES**

The OIG has identified three broad areas as office-level weaknesses for FY 2001. In each area, we lack clearly articulated plans, policies and procedures to implement our strategy. The weaknesses and their components are closely interwoven and often mutually independent, each affecting the other. Details on each of these issues follow.

### **Human Resources Strategy**

The OIG's human resources strategy remains an office-level weakness, particularly with regard to skill gaps. Specifically, delays in hiring for certain skills and positions continue to limit the organization's effectiveness. Although we are improving our skill base through targeted recruitment and developmental training, the OIG still does not have a detailed workforce plan to clearly define its overall recruitment strategy, including specific special skills and competencies, diversity goals, and national and local recruitment practices. Since the OIG will be conducting more complex assignments requiring special skills, managers and staff need to make informed decisions about how staff can improve their skills and further their careers.

We continue to implement our strategy to improve performance with emphasis on organizational values and assessment criteria. However, we have not yet implemented assignment-specific performance expectations agreements to define individual and/or team assignment expectations. Clearly defined expectations establish accountability and criteria to measure performance, management controls, and assure quality. To improve our human resources strategy, we will:

Develop a detailed workforce plan that identifies special skills and competencies needed and defines diversity goals based on Census 2000 information.

Complete and disseminate our career path framework to serve as criteria for staff development.

Develop an official feedback procedure that informs the training decision-makers about training courses to improve the organizational curriculum.

Implement performance expectations agreements OIG-wide.

Work closely with Team Vegas to expedite the development and classification of organizational position descriptions and to produce vacancy announcements that clearly describe the skills and competencies needed to fill positions.

### **Information Technology (IT) Strategy**

Our information technology has not expanded at the rate of our ever-changing organizational needs. While we have a plan to replace aging equipment, we have not clearly communicated a long-range plan to purchase new, innovative software and hardware technologies. Moreover, we have operational constraints due to limited remote access; inconsistently classified, outdated, or improperly "linked" information on our intranet WEB site; an inconsistent file/records inventory system; and the Inspector General's Operations and Reporting (IGOR) system's inability to meet current needs.

Since IGOR is unable to fulfill our expectations and its benefits have not been fully recognized by the Organization, its capability and capacity have never been fully adopted. To address previously identified issues with our IGOR system and maximize its capabilities, we developed an IGOR User Handbook and OIG-wide training for system users and identified system enhancements to streamline data entry procedures. Clearly, more needs to be done. Accountability and responsibility for information do not exist within the system since the Organization has not established or otherwise acknowledged data ownership. In addition, the OIG lacks quality control requirements and procedures for ensuring the integrity of data in IGOR. Data is not being input consistently; IGOR assignment data is often misleading, due in part to the onerous and unwieldy reporting process and the voluminous choices available to staff when completing certain IGOR data fields; and there are no controls to ensure that IGOR timecard data is reviewed and signed in a timely manner. As a result, the assignment status as reported in the Agency's Management Accountability Tracking System and our IGOR system do not agree.

To resolve our IT Strategy weakness, we will:

- Develop a 5-year IT plan that includes immediate needs and new, innovative technologies.
- Implement controls to ensure the thorough, accurate and timely input of assignment data in IGOR and timely timecard data review, and link this to individual performance assessments.
- Streamline IGOR options for data fields by using broader categories.
- Facilitate the use of sub-accounts across office jurisdictions to allow individuals working on teams outside their individual organizations to charge time to the project.
- Finalize new electronic and hard copy records management policies.
- Establish an OIG-wide correspondence control system.
- Establish a file/records inventory.
- Recruit additional staff with the expertise to address the needs of the OIG intranet WEB system.
- Establish a new WEB policy that includes a reporting requirement on WEB accomplishments.
- Identify a system to replace IGOR.

### Business Systems

As the OIG transforms itself from a traditional hierarchical organization with strict function lines of authority to a matrix organization with flexible lines of authority, necessary accountability business systems to support these changes are not yet established or integrated. These accountability systems, including assignment management, cost accounting, business planning and assignment follow-up, must be designed and implemented to be mutually supportive of the OIG's internal operations and the Agency's efforts to improve its performance.

Business planning is the first step in accountability by defining what an organization does and how it will do it. As such, our Strategic Plan must be translated into tactical and action plans supporting the business and corporate strategies, based on current customer, client, and stakeholder input. Currently OIG tactical planning is fragmented, without a coordinated,

recognized process. With changing organizational roles and responsibilities, the established process for planning annual work priorities and setting directions is not recognized.

The OIG does not have adequate controls to assure accountability and timely completion of assignments. What gets measured gets done, but there are not yet office-wide systems in place to ensure milestones, due dates, and objectives are uniformly established and that deviations are justified. Consequently, assignments are not always completed in a timely manner and objectives are not always achieved. It is especially important in a matrix management organizational structure, that project managers make more timely and reliable decisions about assignment completion.

A fundamental part of an organization's accountability is the knowledge of what products and services cost, including indirect costs and the overhead. However, the OIG does not have a cost accounting system to allocate or determine the cost of individual activities, products, services, or overhead. Without this information, the OIG cannot encourage and adequately recognize the most efficient use of resources, promote the best return on investment, or serve as an example of cost-conscious management so severely needed in EPA.

The OIG conducts many types of audits, program evaluations, and investigations to help identify and recommend needed Agency improvements. Organizationally, we should evaluate whether the Agency takes the corrective actions with which they agree, and determine whether our recommendations successfully contribute to resolution of the problem and attainment of EPA's goals. Currently the OIG does not have a follow-up policy which would hold the Agency accountable for taking timely appropriate actions and hold the OIG accountable for the outcome of its work. To address these issues, we will:

- Establish a defined planning process and policy on how annual planning will work in the future.
- Establish milestone performance expectations tied to annual goals.
- Integrate measurement systems to regularly monitor time and resource use compared to progress and results.
- Link accountability to individual SES performance assessments.
- Develop a process for organization-wide cost accounting related to time charges and results.
- Develop a system to report costs for individual projects/assignments and for support activities.
- Establish an OIG-wide correspondence control system.
- Develop a policy for OIG follow-up.
- Regularly advise the Agency about the status of its agreed-to corrective actions.

Nikki L. Tinsley

**DEFINITIONS OF FY 2001 PERFORMANCE MEASURES**  
***EPA OIG Performance Measurement Results***  
***System Database***

**GOAL 1 - CONTRIBUTE TO IMPROVED ENVIRONMENTAL QUALITY AND  
HUMAN HEALTH**

**Number of Recommendations for Environmental Improvement**

Number of environmentally-related (not management process) recommendations, suggestions or advisory items from any OIG work including briefings, memos, reports, discussions, etc. (Can be compared to recommendations not acted upon, or opportunities/costs lost.) Record these recommendations on a COMPLETED form as COMPLETED RESULTS (outputs).

Rollup similar recommendations that together address one environmental improvement or process change.

**Legislative Change/Decision (means to impacts)**

Any OIG work which through recommendations, discussions, observations, conclusions, or risk identification results in, or significantly contributes to, prospective or actual legislative changes to improve an environmental program. Measured in number of changes and potential impact on environmental programs and results, such as impact time, measures of environmental improvement, numbers of people affected, health and behavioral changes (with narrative description in box). Would also be identified in other measures listed below, within each goal.

**Regulatory Change/Decision**

Any OIG work which results in, or significantly contributes to, prospective or actual regulatory changes to improve environmental program implementation. Measured in number of changes and potential impact on environmental programs and results, such as time, measures of environmental improvement, numbers of people affected, health and behavioral changes (with narrative description in box). Would also be identified in other measures listed below, within each goal.

**EPA Policy, Directive or Process Change/Decision**

Any OIG work which results in, or significantly contributes to, specific changes in definitions, purposes, objectives, processes, simplifying requirements, or reducing reporting in the formulation of environmental policies or directives. Measured in number of changes and potential impact on environmental programs and results, such as time and measures of environmental improvement, numbers of people affected, health and behavioral changes (with narrative description in box). Would also be identified in other measures listed below, within each goal.

**Examples of Environmental Improvements/Impacts**

Any OIG work that results in, or significantly contributes to, an identifiable environmental improvement, measured in the number of improvements, and the prospective or actual impacts on physical characteristics or behavioral changes (narrative description in box).

**Environmental Risks Identified (including noncompliance)**

Any OIG work which identifies actual or potential environmental risks, or health risks, for future plans, action, reduction or elimination.



**Environmental Risks Reduced or Eliminated**

Any OIG work that results in, or significantly contributes to, the reduction or elimination of environmental risks. Measured in terms of the number of individual risks of exposure, incidence, or imminent threats. (Can be compared to risks not acted upon, or opportunities/costs lost.)

**Environmental Best Practices Identified**

Any OIG work describing a best practice for environmental program implementation, or resolution of an environmental problem (from any source: State, region, other agency, etc.), measured in terms of the number of best practices identified and potential environmental impact.

**Environmental Best Practices Transferred**

Number of environmental program best practices disseminated (output) through OIG work, and the number which were implemented (outcome) by Agency program offices, regions, States, other government agencies, other IGs, or other environmental organizations (provide narrative describing each output or outcome action). (Can be compared to best practices not acted upon, or opportunities/costs lost.)

**% Change in Environmental/Health Performance Measure or Indicator (from baseline)**

Any OIG work which contributes to a change in an EPA or other environmental or human health performance measure or indicator (from baseline).

**Certifications/Verifications/Validations/Information Integrity**

Any OIG work which results in the certification, verification, or validation of Agency environmental work or programs.

## **GOAL 2 - IMPROVE EPA's MANAGEMENT, ACCOUNTABILITY AND PROGRAM OPERATIONS**

**Questioned Costs (in thousands, round up, or use decimals)**

Report all questioned costs as COMPLETED RESULTS on a COMPLETED FORM. Sustained costs will not be a consideration for this database item. (Collections and Recoveries are covered under the third measure below.)

**Recommended Efficiencies, Cost Saved or Avoided (monetized results)**

As a result of OIG work;

- 1) the cost of Agency work products or office functions which have been eliminated because they were no longer of use, or too costly,
- 2) the cost of new or streamlined Agency processes or work products which have been instituted to save the Agency time and/or money. The monetary benefit, both immediate and for the imminent future (absence of our involvement), of OIG work to EPA, other Federal/State partners, and stakeholders.

**Fines, Recoveries, Restitutions, Collections**

Dollar value of investigative recoveries, meaning:

- 1) Recoveries during the course of an investigation (before any criminal or civil prosecution),
- 2) court-(criminal or civil) ordered fines, penalties, and restitutions,
- 3) out-of-court settlements (including administrative actions resulting in non-court settlements).

**Criminal/Civil/Administrative Actions**

Number of successful prosecutions, indictments, and resulting settlements and convictions affecting EPA operations and environmental programs. Includes the number of persons or entities that were: 1) indicted, or for which an "information" was filed, 2) were found guilty or pled guilty in a court of law, or 3) were accepted for pre-trial diversion agreements by the Department of Justice.

**Time Saved (cycle time in months)**

Months saved, actual and projected, from changes in doing Agency business. Any product or service the OIG provides which saves the Agency time, but does not compromise quality of end product.

**Best Practices Identified or Implemented**

Any OIG work describing a best management or program operation practice, or implementation of a best management or program practice (from any source; State, region, other agency, etc.). (Can be compared to best practices not acted upon, or opportunities/costs lost.)

**Examples of Process/Practice Changes/Decisions**

Any OIG work that influences results in process/practice changes or decisions made for EPA, states, or other agencies. Includes audits, including data integrity or systems audits, evaluations, investigations, assistance, hotline research, correspondence, meetings, conferences, contract audits, etc.

**Recommendations for Management Improvement**

Number of management and program operation recommendations, suggestions or advisory items, completed by the Agency in the Management Audit Tracking System (MATS) reports, or verifiable from another source, or a closeout memo, from any OIG work including briefings, memos, reports, discussions, etc. (Can be compared to improvements not acted upon, or opportunities/costs lost.) Record these recommendations on a COMPLETED form as COMPLETED RESULTS (outputs). Rollup similar recommendations that together address one management improvement or process change.

**New FMFIA/Management Challenges Identified**

Number of new FMFIA program assurance issues and Agency management challenges presented as a result of any OIG work. Includes issues presented in Agency financial statement audits, and internal OIG reviews.

**Corrected Management Challenges/FMFIA Weaknesses**

Number of management challenges, high risks or material weaknesses resolved or corrected within three years following OIG recommendations, assistance or advice.

**% Customer Satisfaction with EPA Service Quality**

Results of customer surveys from within or outside the Agency, about satisfaction with the work of the Agency for areas we recommend improvements. (OIG may not have outside survey knowledge at this time. Disregard unless you can cite specific knowledge of an Agency product survey.)

**% EPA Rating (by OMB, GAO) on Implementing GPRA**

Outside-influenced scorecard of GPRA ratings for the Agency, which the OIG has influenced for improvement. This includes ratings on strategic plan, annual plan, and annual performance report, and specific examples of strengths or improvements influenced by OIG involvement.

**Certifications/Verifications/Validations**

Any OIG work which results in the certification, verification, or validation of Agency management work or programs, measures, accounting, and data integrity. (Can be compared to data, information, and measures being at risk.)

## **GOAL 3 - PRODUCE TIMELY, QUALITY, & COST EFFECTIVE PRODUCTS & SERVICES THAT MEET CUSTOMERS NEEDS**

**% Customer Service Satisfaction Rating\***

Percent based on the results of customer surveys, about the work we do for OIG customers; for/with the Agency, stakeholders, and other partners in the IG community. This will be coordinated and tabulated by PAR in collaboration with each office.

**# of Collaborative Partnerships with Federal /State Agencies**

Number of audit, investigation, evaluation and assistance assignments or projects that are conducted as joint work with other Federal agencies, States, or entities inside or outside EPA, such as the President's Council on Integrity and Efficiency (PCIE).

**# of Requests to Testify/Information for Hearings**

Number of times OIG staff are requested to testify in courts, to Congress, other public venues, or provide information for presentation in hearings or other judicial or legislative action, regarding audit, investigative or evaluation findings and recommendations, or other subjects relating to OIG work.

**Was Assignment/Product/Service Requested or Required (demand for products and services)**

By responding with a Yes or No, we will be able to determine the percent of OIG work requested or required by number of assignments, and by percent of time expended. A "YES" represents work products requested from customers, such as various EPA programs, Congress, hotline, allegations, legislation (by whom the work was requested, or the authority requiring the work). A "NO" means work required only by internal OIG plans or processes.

**% of Engagement Letter/Project Plan/Budget Expectations/ Milestones Met**

Number of OIG audit, evaluation, budget and planning commitments met with this assignment, as a percent of total commitments.

## **GOAL 4 - ENHANCE DIVERSITY, INNOVATION, TEAMWORK AND COMPETENCIES IN THE OIG**

**Products Completed By Multi-discipline Teams**

All OIG work products accomplished by multi-discipline teams. Record number of products from this assignment if the products were accomplished by a mix of auditors, investigators, engineers, evaluators, etc. Most OIG products will be multi-discipline.

**Awards for Achievement and Innovation/Teamwork**

Number and type of awards for OIG staff (HQ and Regions) per year, or other specified time periods.

**Innovative Approaches, Techniques, Processes and Solutions to Management Issues Implemented**

Number and types of innovative approaches, techniques, processes and re-engineering successes implemented within the OIG, to enhance OIG competencies and effectiveness in doing our work, and enhance staff development activities.

**% of Work Produced Electronically**

Estimate how much of this assignment was "paperless," produced using special electronic features, such as database programs, functions, equations, charts and graphs, formulas, word processing, workpapers, files, presentations etc.

**% Work Accessible Electronically to Customers (Yes/No)**

Are OIG products and services easily available and accessible to customers/clients, the general public, electronically, compared to those only available in hardcopy, or e-mail? Answer "NO" if product is restricted or limited from public, Congress, Agency, or general distribution.